

GTE Mobilnet

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$45.00 | \$28.25 | 37.22% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Salinas Cellular (PacTel/AT&T/McCaw)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|--------------------------|---------------------|------------------------|---------------|
| Access | | | |
| 0-99 mins. per number | \$45.00 | \$28.25 | 37.22% |
| 100-199 mins. per number | \$42.50 | \$26.70 | 37.18% |
| 200-299 mins. per number | \$40.00 | \$25.15 | 37.13% |
| 300 + mins. per number | \$37.50 | \$23.55 | 37.20% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Santa CruzGTE Mobilnet

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$45.00 | \$28.25 | 37.22% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Santa Cruz Cellular

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$45.00 | \$28.15 | 37.44% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Santa RosaGTE Mobilnet

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$45.00 | \$28.25 | 37.22% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Cagal Cellular (AT&T/McCaw/PacTel)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|--------------------------|---------------------|------------------------|---------------|
| Access | | | |
| 0-99 mins. per number | \$45.00 | \$28.25 | 37.22% |
| 100-199 mins. per number | \$42.50 | \$26.70 | 37.18% |
| 200-299 mins. per number | \$40.00 | \$25.15 | 37.13% |
| 300 + mins. per number | \$37.50 | \$23.55 | 37.20% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

San DiegoPacTel Cellular

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$35.00 | \$24.50 | 30% |
| Peak | \$ 0.40 | \$ 0.305 | 26.49% |
| Off-Peak | \$ 0.20 | \$ 0.152 | 24% |

U.S. West Cellular

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$35.00 | \$25.20 | 28% |
| Peak | \$ 0.40 | \$ 0.274 | 31.5% |
| Off-Peak | \$ 0.20 | \$ 0.133 | 33.5% |

FresnoFresno MSA (GTE/Contel)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|------------------------------|---------------------|------------------------|---------------|
| Access | | | |
| (Ceiling Rates) | | | |
| 1-5 units | \$31.00 | \$24.00 | 22.58% |
| 6+ units | \$28.00 | | 14.29% |
| (New Rates effective 6/7/93) | | | |
| 1-5 units | \$27.00 | \$20.90 | 22.59% |
| 6+ units | \$28.00 | | 25.36% |
| Peak | \$ 0.35 | \$ 0.28 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Fresno Cellular (AT&T/McCaw)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|-----------|---------------------|------------------------|---------------|
| Access | | | |
| 1-5 units | \$31.00 | \$24.00 | 22.58% |
| 6+ units | \$28.00 | | 14.29% |
| Peak | \$ 0.35 | \$ 0.275 | 21.43% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

BakersfieldFresno MSA (GTE/Contel)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|------------------------------|---------------------|------------------------|---------------|
| Access | | | |
| (Ceiling Rates) | | | |
| 1-5 units | \$31.00 | \$24.00 | 22.58% |
| 6+ units | \$28.00 | | 14.29% |
| (New Rates effective 6/7/93) | | | |
| 1-5 units | \$27.00 | \$20.90 | 22.59% |
| 6+ units | \$28.00 | | 25.36% |
| Peak | \$ 0.35 | \$ 0.28 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Bakersfield Cellular (BellSouth)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|-----------|---------------------|------------------------|---------------|
| Access | | | |
| 1-5 units | \$31.00 | \$24.00 | 22.58% |
| 6+ units | \$28.00 | | 14.29% |
| Peak | \$ 0.35 | \$ 0.28 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Santa BarbaraGTE Mobilnet of Santa Barbara

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$45.00 | \$28.25 | 37.22% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

Santa Barbara Cellular (AT&T/McCaw)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$45.00 | \$28.25 | 37.22% |
| Peak | \$ 0.45 | \$ 0.36 | 20% |
| Off-Peak | \$ 0.20 | \$ 0.16 | 20% |

SacramentoSacramento Valley LP (PacTel)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$20.00 | \$14.30 | 28.5% |
| Peak | \$ 0.25 | \$ 0.203 | 18.8% |
| Off-Peak | \$ 0.15 | \$ 0.122 | 18.67% |

Proposed new rates

SVLP Area A (Sacramento MSA, Stockton MSA, Yuba City MSA, Sierra RSA, southern portion of Tehama RSA)

| | | | |
|---------------|---------|----------|-----|
| Access | | | |
| 1-4 numbers | \$24.00 | \$16.80 | 30% |
| 5-9 numbers | \$22.80 | \$15.96 | 30% |
| 10-24 numbers | \$21.60 | \$15.12 | 30% |
| 25+ numbers | \$20.40 | \$14.28 | 30% |
| Peak | \$ 0.29 | \$ 0.203 | 30% |
| Off-Peak | \$ 0.15 | \$ 0.105 | 30% |

SVLP Area B (Chico MSA, Redding MSA, northern portion of Tehama RSA)

| | | | |
|---------------|---------|----------|-----|
| Access | | | |
| 1-4 numbers | \$30.00 | \$21.00 | 30% |
| 5-9 numbers | \$28.50 | \$19.95 | 30% |
| 10-24 numbers | \$27.00 | \$18.90 | 30% |
| 25+ numbers | \$25.50 | \$17.85 | 30% |
| Peak | \$ 0.35 | \$ 0.245 | 30% |
| Off-Peak | \$ 0.25 | \$ 0.175 | 30% |

Sacramento Cellular (AT&T/McCaw)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$24.00 | \$16.00 | 33.33% |
| Peak | \$ 0.29 | \$ 0.227 | 21.72% |
| Off-Peak | \$ 0.15 | \$ 0.122 | 18.67% |

StocktonSacramento Valley LP (PacTel)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$20.00 | \$14.30 | 28.5% |
| Peak | \$ 0.25 | \$ 0.203 | 18.8% |
| Off-Peak | \$ 0.15 | \$ 0.122 | 18.67% |

Stockton Cellular (AT&T/McCaw)

| | <u>Retail Rates</u> | <u>Wholesale Rates</u> | <u>Margin</u> |
|----------|---------------------|------------------------|---------------|
| Access | \$24.00 | \$16.00 | 33.33% |
| Peak | \$ 0.29 | \$ 0.227 | 21.72% |
| Off-Peak | \$ 0.15 | \$ 0.122 | 18.67% |

These are the comments of Commissioner Knight, which are being made available to interested members of the public who may not have been present at the meeting during which the Cellular OII order was adopted.

I can support this order for three reasons:

First, this order rules out cost-of-service regulation and cost-based rate cap regulation of cellular carriers.

Second, this order calls for the Commission to petition the FCC to retain jurisdiction for only 18 months, beginning September 1, 1994.

Third, this order provides for the unbundling of some aspects of cellular service at market-based rates.

After looking at the evidence I am not thoroughly convinced that cellular carriers lack market power. For this reason, as a safeguard against the abuse of market power, I support continued dominant carrier regulation of cellular providers. Because the Commission found that cellular carriers possess significant market power we are compelled to petition the FCC to retain regulatory authority. However, in this order we direct the filing of a petition that seeks only to retain this authority for 18 months. Given the rapid changes undergoing the telecommunications industry in general and wireless telecommunications specifically, this seems a reasonable length of time for the Commission to seek to retain jurisdiction. My biggest concern is inability to accurately assess the sure growth of the provider universe and even satellite technologies enter the market. To have tunnel vision on the wireless industry as is presently configured is fraught with the risk of being out of step with the market needs of the future.

I am particularly pleased that this order has developed a market-based approach to unbundling. Under the unbundling plan adopted in this order cellular carriers who receive a bona fide request for unbundling will be required unbundle the provision of NXX codes and landline interconnection to the LEC from their existing wholesale tariffs. They would be allowed to price these services at market rates. Since these services are unbundled because there are competitive alternatives rate regulation, of the unbundled items is not required. So long as the total package of the unbundled elements is no higher than the authorized rate of the bundled service we would allow the cellular carrier to price its unbundled functions at whatever it chooses. This limited unbundling will enable the switch-based resellers to acquire number blocks by ordering their own NXX codes and LEC interconnections and hence avoid some charges to the cellular duopolist. The reseller will not be required to purchase functions or services from the facilities-based cellular provider that it has acquired from another source.

I.93-12-007
D.94-08-022

It is important to note that this unbundling does not necessarily eliminate the activation charge, the monthly service charge, the airtime charge, or any other charge. The cellular provider will determine what the appropriate design is for the unbundled functions.

I am particularly pleased that this order rules out cost-of-service regulation. I firmly believe that the cellular industry is particularly ill-suited for any type of cost-based regulation. In part it is difficult because there is some degree of competition between the duopolists; in my short tenure I have seen that cost-of-service regulation seems to fail at the first hint of competition.

Second, cost-of-service regulation would, in my mind, not result in rates that would reflect the value of scarce spectrum and would result in rates that did not reflect the underlying value of the spectrum, which is the resource used to provide the service.

Third, the continued dominance of facilities-based cellular providers is only transitory in nature, and I do not think it is prudent to spend a great deal of time and effort developing regulation that will be in place a relatively short time.

Finally, we are moving away from cost-based regulation in most other industries we regulate. It makes little sense to impose traditional cost-of-service regulation, when we are now so aware of its frailty.

In general, I am looking forward to the introduction of competition to the cellular industry from enhanced specialized mobile radio, from PCS and possibly even satellite technology. However, until then we must continue some modest regulation of the cellular industry.